Session 1: December 4-7, 2017

**Issue Paper #2**

**Issue:** Gainful Employment Metrics

**Statutory cites:** 20 U.S.C. § 1221e-3; 20 U.S.C. § 3474; 20 U.S.C. § 1231a; 20 U.S.C. §§ 1001(b)(1), 1002(b)(1)(A)(i), (c)(1)(A); 20 U.S.C. § 1088(b)

**Regulatory cites:**  34 CFR §§668.403 and 668.404

**Summary of Issue:**

The October 31, 2014 final regulations, among other things, established a D/E metric to determine the title IV eligibility of GE programs and established sanctions for programs that do not pass the metric.

The D/E rates have two components: debt and earnings. The debt variable is the annual loan payment, which is calculated by amortizing the median loan debt for a two- or four-year cohort of program completers. Median loan debt is based on data from title IV loans reported by institutions to the National Student Loan Data System (NSLDS) and data on private loans or other debt reported by institutions under the GE regulations. The earnings variable is the higher of mean and median annual earnings calculated by the Social Security Administration for the students who completed the GE program during the applicable cohort period.

For each award year and for each GE program, the Department calculates a discretionary income rate and an annual earnings rate (D/E rates). A program’s D/E rates are considered to be passing if the discretionary income rate is less than or equal to 20 percent, or its annual earnings rate is less than or equal to eight percent. A GE program’s D/E rates are failing if its discretionary income rate is greater than 30 percent, its annual earnings rate is greater than 12 percent, or, in either case, the denominator of the rate (discretionary earnings or annual earnings) is negative, for either rate, or zero, for the annual earnings rate. A GE program is considered to be “in the zone” if it is not a passing program and if its discretionary income rate is greater than 20 percent but less than or equal to 30 percent, or its annual earnings rate is greater than eight percent but less than or equal to 12 percent.

**Questions for consideration by the committee:**

* Are D/E rates an appropriate metric for determining whether a program provides training that prepares students for gainful employment in a recognized occupation?
* Are the passing D/E rates thresholds in the current regulations appropriate for determining whether a program provides training that prepares students for gainful employment in a recognized occupation?
* Are D/E rates an appropriate metric for evaluating the performance of non-GE programs? Are other metrics more appropriate for evaluating all programs?
* How long after a cohort’s completion from a program, should earnings data be reviewed to provide relevant information for students enrolling in a program?
* Are there more appropriate data sources that should be used to determine the earnings variable in the D/E rates?